

October 30, 2023

EDWARD J. EMMONS, CLERK

U.S. BANKRUPTCY COURT

NORTHERN DISTRICT OF CALIFORNIA



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DENNIS MONTALI  
U.S. Bankruptcy Judge

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14

15 UNITED STATES BANKRUPTCY COURT

16 NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO DIVISION

17

18 In re

Case No. 23-30564  
Chapter 11

19 THE ROMAN CATHOLIC ARCHBISHOP  
OF SAN FRANCISCO,

20 Debtor and  
21 Debtor in Possession.

**FINAL ORDER GRANTING DEBTOR'S  
EMERGENCY MOTION FOR ORDER (1)  
AUTHORIZING PAYMENT OF  
PREPETITION WAGES, SALARIES, AND  
EMPLOYEE EXPENSES; (2) TO PAY  
ACCRUED EMPLOYEE BENEFITS AND  
TAXES; AND (3) DIRECTING BANKS TO  
HONOR PAYROLL AND EXPENSE  
CHECKS**

22 Date: October 26, 2023

23 Time: 1:30 p.m.

24 Via ZoomGov

25 Judge: Hon. Dennis Montali

1       The *Debtor's Emergency Motion for Order (1) Authorizing Payment of Prepetition Wages,*  
2 *Salaries and Employee Expenses; (2) to Pay Accrued Employee Benefits and Taxes; and (3)*  
3 *Directing Banks to Honor Payroll and Expense Checks* filed by The Roman Catholic Archbishop of  
4 San Francisco (“Debtor”) filed on August 21, 2023, as ECF No. 7 (the “Motion”)<sup>1</sup> came on for final  
5 hearing on October 26, 2023, at 1:30 p.m., before the Honorable Dennis Montali of the United States  
6 Bankruptcy Court for the Northern District of California. The Debtor appeared through its counsel,  
7 Paul J. Pascuzzi of Felderstein Fitzgerald Willoughby Pascuzzi & Rios LLP and Ori Katz of  
8 Sheppard, Mullin, Richter & Hampton LLP. All other appearances were noted on the record.

9       The Court having considered the Motion, the Passarello Background Decl., the Passarello  
10 Decl., the Gaspari Decl. filed in support of the Motion, the *United States Trustee's Omnibus*  
11 *Objection to Debtor's First Day Motions and Reservation of Rights [ECF Nos. 7 & 9]* filed on  
12 August 23, 2023, as ECF No. 25 (the “U.S. Trustee Objection”), the *Response of the Official*  
13 *Committee of Unsecured Creditors to Debtor's Motion for Order (1) Authorizing Payment of*  
14 *Prepetition Wages, Salaries and Employee Expenses; (2) to Pay Accrued Employee Benefits and*  
15 *Taxes; and (3) Directing Banks to Honor Payroll and Expense Checks [ECF No. 7]* filed on October  
16 13, 2023, as ECF No. 203 (the “Committee Response”), and the representations of counsel reflected  
17 in the record of the hearing, and the Court having found that it has jurisdiction over this proceeding;  
18 that this is a core proceeding; that notice of the Motion has been given to the Office of the United  
19 States Trustee, the twenty largest unsecured creditors, all secured creditors, and any applicable  
20 governmental entities; that no further notice is necessary; that the concerns and objections stated in  
21 the U.S. Trustee Objection as to this Motion have been consensually resolved; that the relief sought  
22 in the Motion is in the best interests of the Debtor, its estate, and its creditors; and that good and  
23 sufficient cause exists for such relief,

24       It is hereby ORDERED as follows:

25       1.       The Motion is GRANTED, on a final basis as provided herein.

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<sup>1</sup> Unless otherwise indicated, capitalized terms not otherwise defined in this Order shall have the  
28 same meanings ascribed to them in the Motion.

1       2.     The Debtor is authorized, but not directed, to pay to its Employees all Employee  
2 Obligations, Employee Deductions and Employee Expenses that have accrued by virtue of the  
3 services rendered by its Employees prior to the Petition Date up to the amounts entitled to priority  
4 claim status under the provisions of section 507(a) of the Bankruptcy Code. The Employee  
5 Obligations, Employee Deductions and Employee Expenses that the Debtor is authorized to pay are  
6 described in the Motion and include, without limitation, the following: wages, salary, retirement,  
7 healthcare and other benefit programs up to the amounts entitled to priority claim status under the  
8 provisions of section 507(a) of the Bankruptcy Code.

9       3.     The Debtor is authorized, but not directed, to pay all local, state, and federal  
10 withholding and payroll taxes (including those accrued for pre-petition periods) or to have such  
11 taxes paid by third-party payroll administrators.

12      4.     The Debtor is authorized, but not directed, to continue its practices, programs and  
13 policies in effect as of the Petition Date as described in the Motion, including with respect to all  
14 Employee Obligations (including allowing employees to use time off accrued, but unused, as of the  
15 Petition Date) up to the statutory amount for such claims entitled to priority status under section  
16 507(a) of the Bankruptcy Code and administering payroll for the Payroll Participating Entities and  
17 insurance for the Health Insurance Participating Entities.

18      5.     The bank at which the Debtor maintains an account from which the Debtor's payroll  
19 obligations are disbursed and all other banks or lending institutions maintaining payroll and  
20 employee benefits accounts are authorized, and directed, to honor and pay all pre-petition and post-  
21 petition checks issued or to be issued and fund transfers requested or to be requested, by the Debtor  
22 in respect of the Employee Obligations, Employee Deductions and Employee Expenses.

23      6.     The Debtor is authorized, but not directed, to issue new post-petition checks or fund  
24 transfer requests with respect to pre-petition obligations that may have been dishonored by any  
25 banks relating to the Employee Obligations, Employee Deductions and Employee Expenses, if  
26 necessary, provided, however that such amounts shall not exceed the statutory limit for claims  
27 entitled to priority status under section 507(a) of the Bankruptcy Code.

28      7.     The Debtor is authorized to continue other Employee Benefits.

1           8. Nothing in this Order authorizes the Debtor to make any payments that benefit,  
2 directly or indirectly, any credibly accused perpetrator of abuse, whether for wages, support,  
3 housing, prepetition claims, retirement or otherwise.

4           9. The Debtor shall provide the U.S. Trustee and the Committee with a list of  
5 Employees to be paid pre-petition Employee Obligations or Employee Expenses under this Order,  
6 including accrual dates and amounts to be paid to each Employee and shall file with the Court a  
7 summary of the information. If the U.S. Trustee or the Committee notifies the Debtor within three  
8 (3) business days that it objects to the payment of any pre-petition Employee Expenses, the Debtor  
9 shall not reimburse the Employee Expenses and may seek court authorization to reimburse the  
10 Employee Expenses at the final hearing on this Motion or at another time.

11          10. Notwithstanding the relief granted herein and any actions taken pursuant hereto,  
12 nothing herein shall be deemed: (i) an admission as to the validity of any claim against the Debtor;  
13 (ii) a waiver of the Debtor's rights to dispute any claim on any grounds; (iii) a promise or  
14 requirement to pay any claim; (iv) an implication or admission that any particular claim is of a type  
15 specified or defined hereunder; (v) a request or authorization to assume any agreement, contract or  
16 lease pursuant to section 365 of the Bankruptcy Code; or (vi) a waiver of the Debtor's rights under  
17 the Bankruptcy Code or any other applicable law.

18          11. This Court shall retain jurisdiction over all matters arising from or related to the  
19 interpretation or implementation of this Final Order.

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12. The Debtor and its employees and agents are authorized to take, or refrain from taking, such acts as are necessary and appropriate to implement and effectuate the relief granted herein.

**APPROVED AS TO FORM.**

## OFFICE OF THE UNITED STATES TRUSTEE

By: /s/ Jason Blumberg  
Jason Blumberg  
Trial Attorney for Tracy Hope Davis,  
United States Trustee for Region 17

**APPROVED AS TO FORM.**

## OFFICIAL COMMITTEE COUNSEL

By: /s/ John W. Lucas

John W. Lucas  
Pachulski Stang Ziehl & Jones

**\*\*\*END OF ORDER\*\*\***

1                   **Court Service List**

2 Registered ECF Participants only.

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